

Auditing Procedures Report

Issued under P.A. 2 of 1988, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Ishpeming, Michigan	County Marquette
Fiscal Year End 3/31/07	Opinion Date 9/5/07	Date Audit Report Submitted to State 9-26-07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.


We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Anderson, Tackman, & Company, PLC		Telephone Number 906-226-1166	
Street Address 102. W. Washington St., Suite 109		City Marquette	State MI
Zip 49855			
Authorizing CPA Signature 	Printed Name Michael Alan Greutz	License Number 1101027988	

TOWNSHIP OF ISHPEMING, MICHIGAN
FINANCIAL STATEMENTS
For the Year Ended March 31, 2007

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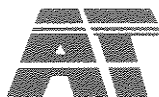
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ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN
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IRON MOUNTAIN
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INDEPENDENT AUDITORS' REPORT

Honorable Supervisor and Members of
the Township Board of Trustees
Township of Ishpeming, Michigan
1575 US Highway 41, West
Ishpeming, Michigan, 49849

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Township of Ishpeming, Michigan as of and for the year ended March 31, 2007, which collectively comprise the Township of Ishpeming, Michigan's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Ishpeming, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Township of Ishpeming, Michigan as of March 31, 2007, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2007 on our consideration of the Township of Ishpeming, Michigan's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of

Honorable Supervisor and Members of
the Township Board of Trustees
Township of Ishpeming, Michigan

internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 5 through 10 and 34 through 36 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Ishpeming, Michigan's basic financial statements. The combining and individual fund financial statements and schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statement. The combining and individual fund statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Anderson, Tackman & Company, PLLC
Certified Public Accountants

September 5, 2007

Township of Ishpeming, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the Township of Ishpeming's financial performance provides an overview of the Township's financial activities for the year ended March 31, 2007. Please read it in conjunction with the financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- ▶ Net assets for the Township as a whole increased by \$92,142 as a result of this year's operations. Net assets of our business-type activities increased by \$18,010 or 1 percent, and net assets of our governmental activities increased by \$74,132, or 3 percent.
- ▶ During the year, the Township had expenses for governmental activities that were \$851,136 and expenses for business type activities that were \$522,336.
- ▶ The General Fund reported a net fund balance of \$957,054. The net loss of, \$67,933, was \$49,006 lower than the forecasted decrease of \$116,939.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 11 and 12) provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for the future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the Township as a Whole

Our analysis of the Township as a whole begins on page 7. One of the most important questions asked about the Township's finances is "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Township's *net assets* and changes in them. You can think of the Township's net assets - the difference between assets and liabilities - as one way to measure the Township's financial health, or *financial position*. Over time, *increases or decreases* in the Township's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Township's patron base and the condition of the Township's capital assets, to assess the *overall financial health* of the Township.

In the Statement of Net Assets and the Statement of Activities, we divide the Township into two kinds of activities:

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

- **Governmental Activities** – Most of the Township's basic services are reported here, including the legislative, elections, public safety, public works, recreation and culture, community and economic development and general services and administration. Property taxes, charges for services and state sources fund most of these activities.
- **Business-Type Activities** – The Township charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Wastewater Treatment Fund and Water Fund are reported here.

Reporting the Township's Most Significant Funds

Our analysis of the Township's major funds begins on page 7. The fund financial statements begin on page 13 and provide detailed information on the most significant funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township Board establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using taxes, grants, and other money. The Township's two kinds of funds - *governmental* and *proprietary* - use different accounting approaches.

- ▶ **Governmental funds** – Most of the Township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed *short-term* view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between *governmental activities* (reported in the Statement of Net Assets and Statement of Activities) and *governmental funds* in a reconciliation which follows the fund financial statements.
- ▶ **Proprietary funds** – When the Township charges customers for the services it provides – whether to outside customers or to other units of the Township – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Township's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The Township as Trustee

- The Township is the trustee, or fiduciary, for assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the Township's fiduciary activities are reported in separate Statements of Fiduciary Net Assets on page 20. We exclude these activities from the Township's other financial statements because the Township cannot use these assets to finance its operations.

The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The Township as a Whole

Table 1 provides a summary of the Township's net assets as of March 31, 2007 and 2006.

Table 1
Net Assets

	2007			2006		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Current and other assets	\$ 1,902,928	\$ 1,624,738	\$ 3,527,666	\$ 1,814,090	\$ 1,547,525	\$ 3,361,615
Capital assets, net	755,098	2,778,894	3,533,992	797,404	2,830,412	3,627,816
Total Assets	2,658,026	4,403,632	7,061,658	2,611,494	4,377,937	6,989,431
Current liabilities	58,235	59,077	117,312	52,703	51,392	104,095
Non-current liabilities	93,612	-	93,612	126,744	-	126,744
Total Liabilities	151,847	59,077	210,924	179,447	51,392	230,839
Net Assets:						
Invested in capital assets, net of related debt	755,098	2,778,894	3,533,992	797,404	2,830,412	3,627,816
Restricted	-	-	-	-	-	-
Unrestricted (deficit)	1,751,081	1,565,661	3,316,742	1,634,643	1,496,133	3,130,776
Total Net Assets	\$ 2,506,179	\$ 4,344,555	\$ 6,850,734	\$ 2,432,047	\$ 4,326,545	\$ 6,758,592

Net assets of the Township's governmental activities stood at \$2,506,179. *Unrestricted* net assets—the part of net assets that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at \$1,751,081.

The \$1,751,081 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The net assets of our business-type activities stood at \$4,344,555. The Township can generally only use these net assets to finance continuing operations of the Water and Sewer System operations.

The results of this year's operations for the Township as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net assets for fiscal year 2007 and 2006.

Table 2
Change in Net Assets

	2007			2006		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program Revenues:						
Charges for services	\$ 236,606	\$ 468,380	\$ 704,986	\$ 239,854	\$ 478,262	\$ 718,116
Operating Grants and Contributions	-	-	-	68,175	-	68,175
General Revenues:						
Property taxes	330,321	-	330,321	285,287	-	285,287
State Sources	262,506	-	262,506	265,250	-	265,250
Interest and Miscellaneous	95,835	71,966	167,801	92,089	48,204	140,293
Total Revenues	\$ 925,268	\$ 540,346	\$ 1,465,614	\$ 950,655	\$ 526,466	\$ 1,477,121

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Table 2 (Continued)
Change in Net Assets

	2007			2006		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Program Expenses:						
Legislative	\$ 9,798	\$ -	\$ 9,798	\$ 9,840	\$ -	\$ 9,840
General Services and administration	237,768	-	237,768	215,571	-	215,571
Public Safety	300,445	-	300,445	288,294	-	288,294
Public Works	199,012	-	199,012	324,986	-	324,986
Community and Economic Development	8,462	-	8,462	15,128	-	15,128
Recreation and Culture	10,240	-	10,240	7,062	-	7,062
Other Expense	85,411	-	85,411	104,116	-	104,116
Unallocated Depreciation	-	-	-	-	-	-
Water system	-	164,480	164,480	-	166,140	166,140
Sewer system	-	357,856	357,856	-	333,287	333,287
Total Expenses	851,136	522,336	1,373,472	964,997	499,427	1,464,424
Increase (decrease) in net assets	74,132	18,010	92,142	(14,342)	27,039	12,697
Net assets, beginning,	2,432,047	4,326,545	6,758,592	2,446,389	4,299,506	6,745,895
Net Assets, Ending	\$ 2,506,179	\$ 4,344,555	\$ 6,850,734	\$ 2,432,047	\$ 4,326,545	\$ 6,758,592

The Township's total revenues were \$1,465,614. The total cost of all programs and services was \$1,373,473, leaving an increase in net assets of \$92,142. Our analysis below separately considers the operations of governmental and business-type activities:

Governmental Activities

The net assets of the Township's governmental activities increased \$74,132 for the year ended March 31, 2007.

This was from Governmental fund net gain of \$80,968 (describe under governmental funds), reclassifying Capital Outlay from expenditures to fixed assets of \$69,278, recording depreciation expense of \$111,584, reclassifying principal payments from expenditures to long term liabilities of \$20,320 and record compensated absence liability expense of \$15,150.

Business-type Activities

During the year ended March 31, 2007, the net assets of the Township's business type activities increased by \$18,010.

Charging revenue for the bond principal payment which reflects as revenue with no expense but paying of a liability creating net income.

THE TOWNSHIP'S FUNDS

As the Township completed the year, its governmental funds (as presented in the balance sheet on page 13 reported a combined fund balance of \$1,881,056, an increase of \$80,968 from the beginning of the year.

The general fund was overspent by \$67,933. We overspent by not adjusting the amount put in the street and road funds, also we failed to budget properly for the police department capital outlay.

The Fire Department has continued to cut expenses during the current year, in order to save funds for a new fire vehicle.

The Street Improvement Fund was originally budgeted for \$53,000 of revenue. \$50,000 came from the General Fund and \$3,000 interest. There were no expenditures made during the current year as the township is saving for future construction projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

General Fund Budgetary Highlights

Over the course of the year, the Township Board did not revise the budget.

The reason for not amending the budget was at the end of the year we did not feel it was necessary. However, after year-end we received several accounts payable that put us over budget.

Revenues were \$36,183 greater than our budget.

We underestimated the taxable value received by the Township. We overestimated the charges for services and other revenue. We underestimated revenue by 5.9%.

The expenditures were \$18,643 less than our budget.

We budgeted for the worst case and hopefully we under spent, which we did.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2007 and 2006, the Township had \$1,322,617 and \$1,384,734 invested in a variety of capital assets including land, buildings, and other equipment. (See table 3 below)

Table 3
Capital Assets at Year-End

	2007			2006		
	Governmental Activities	Business-Type Activities	Totals	Governmental Activities	Business-Type Activities	Totals
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land improvements	-	54,979	54,979	-	60,693	60,693
Buildings and improvements	626,024	495,793	1,121,817	615,184	516,585	1,131,769
Equipment and furnishings	129,074	16,747	145,821	182,220	10,052	192,272
TOTALS	\$ 755,098	\$ 567,519	\$ 1,322,617	\$ 797,404	\$ 587,330	\$ 1,384,734

The Township recorded \$167,091 in depreciation expense for the year, replaced the roof on township hall for \$36,682, and purchased a Chevy Tahoe as a police vehicle for \$32,596.

Debt

At year-end of fiscal year 2007 and 2006, the Township had debt of \$71,601 and \$91,921. (See table 4 below). Refer to the footnotes for detail breakout and explanation of the Township Long-Term Debt.

Table 4
Outstanding Debt at Year-End

	2007			2006		
	Governmental Activities	Business-Type Activities	Totals	Governmental Activities	Business-Type Activities	Totals
Landfill Bond	\$ 71,601	\$ -	\$ 71,601	\$ 91,921	\$ -	\$ 91,921

The Township has \$20,320 in principal payments for the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

In preparing the Township's budgets for year ending 2008, we took last year's actual numbers and added a three percent increase across the board.

CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township of Ishpeming, 1575 U.S. Highway 41 West, Ishpeming, Michigan 49849.

Township of Ishpeming, Michigan

STATEMENT OF NET ASSETS

March 31, 2007

	Primary Government		
	Governmental Activities	Business Type Activities	Total
ASSETS			
Current Assets:			
Cash and equivalents	\$ 1,423,444	\$ 1,393,255	\$ 2,816,699
Investments	-	165,058	165,058
Receivables (net)	459,665	55,444	515,109
Prepaid Expense	19,819	10,981	30,800
TOTAL CURRENT ASSETS	1,902,928	1,624,738	3,527,666
Non-current assets:			
Investment in IAWTF	-	2,211,375	2,211,375
Capital assets	2,140,359	2,443,331	4,583,690
Accumulated depreciation	(1,385,261)	(1,875,812)	(3,261,073)
Total Capital Assets	755,098	567,519	1,322,617
TOTAL NON-CURRENT ASSETS	755,098	2,778,894	3,533,992
TOTAL ASSETS	2,658,026	4,403,632	7,061,658
LIABILITIES:			
Current Liabilities:			
Accounts payable	16,309	56,461	72,770
Accrued liabilities	5,563	2,616	8,179
Deferred revenue	-	-	-
Accrued interest	-	-	-
Current portion of bonds payable	21,770	-	21,770
Other current compensated	14,593	-	14,593
TOTAL CURRENT LIABILITIES	58,235	59,077	117,312
Non-current Liabilities:			
Compensated absences	43,781	-	43,781
Bonds payable	49,831	-	49,831
TOTAL NON-CURRENT LIABILITIES	93,612	-	93,612
TOTAL LIABILITIES	151,847	59,077	210,924
NET ASSETS			
Invested in capital assets net of related debt	755,098	2,778,894	3,533,992
Restricted for:			
Debt Service	-	-	-
Unrestricted	1,751,081	1,565,661	3,316,742
TOTAL NET ASSETS	\$ 2,506,179	\$ 4,344,555	\$ 6,850,734

The accompanying notes are an integral part of these financial statements.

Township of Ishpeming, Michigan

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended March 31, 2007

Function / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business Type Activities
Primary Government:						
Governmental Activities:						
Legislative	\$ 9,798	\$ -	\$ -	\$ -	\$ (9,798)	\$ (9,798)
General services and administration	237,768	-	-	-	(237,768)	(237,768)
Public safety	300,445	46,265	-	-	(254,180)	(254,180)
Public works	199,012	190,341	-	-	(8,671)	(8,671)
Community and economic development	8,462	-	-	-	(8,462)	(8,462)
Recreation and culture	10,240	-	-	-	(10,240)	(10,240)
Other	85,411	-	-	-	(85,411)	(85,411)
Unallocated depreciation	-	-	-	-	-	-
Total Governmental Activities	851,136	236,606	-	-	(614,530)	(614,530)
Business Type Activities:						
Water System	164,480	177,431	-	-	-	12,951
Sewer System	357,856	290,949	-	-	-	(66,907)
Total Business Type Activities	522,336	468,380	-	-	-	(53,956)
TOTAL PRIMARY GOVERNMENT	\$ 1,373,472	\$ 704,986	\$ -	\$ -	(614,530)	(668,486)
General Revenues:						
Taxes		330,321			330,321	330,321
Unrestricted State sources		262,506			262,506	262,506
Interest and investment earnings		62,182			71,966	134,148
Miscellaneous		33,653			-	33,653
Transfers		-			-	-
Total General Revenues and Transfers		688,662			71,966	760,628
CHANGE IN NET ASSETS						
Net assets, beginning of year,		74,132			18,010	92,142
		2,432,047			4,326,545	6,758,592
NET ASSETS, END OF YEAR		\$ 2,506,179			\$ 4,344,555	\$ 6,850,734

The accompanying notes are an integral part of these financial statements.

Township of Ishpeming, Michigan

GOVERNMENTAL FUNDS

BALANCE SHEET

March 31, 2007

	General Fund	Fire Department Fund	Street Improvement Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and equivalents	\$ 690,975	\$ 118,987	\$ 284,045	\$ 329,437	\$ 1,423,444
Investments	-	-	-	-	-
Receivables	86,458	9,790	-	16,885	113,133
Prepaid expense	13,676	6,143	-	-	19,819
Due from other funds	182,301	138,526	-	26,681	347,508
TOTAL ASSETS	\$ 973,410	\$ 273,446	\$ 284,045	\$ 373,003	\$ 1,903,904
LIABILITIES AND FUND BALANCE					
LIABILITIES:					
Accounts payable	\$ 10,793	\$ 5,516	\$ -	\$ -	\$ 16,309
Accrued payroll and related	5,563	-	-	-	5,563
Due to other funds	-	976	-	-	976
Deferred revenue	-	-	-	-	-
TOTAL LIABILITIES	16,356	6,492	-	-	22,848
FUND BALANCE:					
Unreserved:	957,054	266,954	284,045	373,003	1,881,056
TOTAL FUND BALANCE	957,054	266,954	284,045	373,003	1,881,056
TOTAL LIABILITIES AND FUND BALANCE	\$ 973,410	\$ 273,446	\$ 284,045	\$ 373,003	\$ 1,903,904

The accompanying notes are an integral part of these financial statements.

Township of Ishpeming, Michigan

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS**

March 31, 2007

Total Fund Balances for Governmental Funds \$ 1,881,056

*Amounts reported for governmental activities in the statement
of net assets are different because:*

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds

Cost of Capital Assets	\$ 2,140,359	
Accumulated Deprecation of Assets	<u>(1,385,261)</u>	755,098

Long-term liabilities, including bonds payable, are not due and payable
in the current period and therefore are not reported in the funds.

Current portion of bonds payable	21,770	
Current portion of compensated absences	14,593	
Compensated absences	43,781	
Bonds payable	<u>49,831</u>	
		(129,975)
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 2,506,179</u></u>

The accompanying notes are an integral part of these financial statements.

Township of Ishpeming, Michigan

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended March 31, 2007

	General Fund	Fire Department Fund	Street Improvement Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	\$ 147,512	\$ 153,264	\$ -	\$ 29,545	\$ 330,321
State sources	262,506	-	-	-	262,506
Charges for services	190,341	46,265	-	-	236,606
Interest	33,425	5,467	8,987	14,303	62,182
Other	14,799	290	-	18,564	33,653
TOTAL REVENUES	648,583	205,286	8,987	62,412	925,268
EXPENDITURES:					
Current operations:					
Legislative	9,798	-	-	-	9,798
Elections	-	-	-	-	-
General services and administration	220,522	-	-	-	220,522
Public safety	92,619	139,763	-	-	232,382
Public works	176,607	-	-	32,925	209,532
Health and welfare	-	-	-	-	-
Community and economic development	8,462	-	-	-	8,462
Recreation and culture	6,861	-	-	2,054	8,915
Other	151,647	-	-	-	151,647
Capital outlay	-	-	-	3,042	3,042
Debt service	-	-	-	-	-
TOTAL EXPENDITURES	666,516	139,763	-	38,021	844,300
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(17,933)	65,523	8,987	24,391	80,968
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	50,000	-	50,000
Transfers (out)	(50,000)	-	-	-	(50,000)
TOTAL OTHER FINANCING SOURCES (USES)	(50,000)	-	50,000	-	-
CHANGE IN FUND BALANCE	(67,933)	65,523	58,987	24,391	80,968
Fund balance, beginning of year	1,024,987	201,431	225,058	348,612	1,800,088
FUND BALANCE, END OF YEAR	\$ 957,054	\$ 266,954	\$ 284,045	\$ 373,003	\$ 1,881,056

The accompanying notes are an integral part of these financial statements.

Township of Ishpeming, Michigan

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended March 31, 2007

Net Change in Fund Balances - Total Governmental Funds **\$ 80,968**

*Amounts reported for governmental activities in the statement
of activities are different because:*

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated
over their estimated useful lives as depreciation expense. This is
the amount by which capital outlays exceeded depreciation in the
current period.

Capital outlays	\$ 69,278	
Depreciation expense	<u>(111,584)</u>	(42,306)

Some expenses reported in the statement of activities, such as
compensated absences, do not require the use of current financial
resources and therefore are not reported as expenditures in
governmental funds.

15,150

Repayment of loan principal is an expenditure in the governmental
funds but repayment reduces long-term liabilities in the statement
of net assets.

20,320

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 74,132

The accompanying notes are an integral part of these financial statements.

Township of Ishpeming, Michigan

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

March 31, 2007

	Business - Type Activities Enterprise Funds		
	Water System Fund	Sewer System Fund	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 737,539	\$ 655,716	\$ 1,393,255
Investments	-	165,058	165,058
Accounts receivable, net	19,064	36,380	55,444
Due from other funds	-	-	-
Prepaid expense	2,394	8,587	10,981
TOTAL CURRENT ASSETS	758,997	865,741	1,624,738
Non-current Assets:			
Investment in IAWTF	-	2,211,375	2,211,375
Capital assets	1,156,571	1,286,760	2,443,331
Accumulated depreciation	(892,655)	(983,157)	(1,875,812)
TOTAL NON-CURRENT ASSETS	263,916	2,514,978	2,778,894
TOTAL ASSETS	\$ 1,022,913	\$ 3,380,719	\$ 4,403,632
LIABILITIES:			
Current Liabilities:			
Accounts payable	-	-	-
Accrued liabilities	1,352	1,264	2,616
Due to other funds	30,600	25,861	56,461
Accrued interest payable	-	-	-
Current portion of long-term debt	-	-	-
TOTAL CURRENT LIABILITIES	31,952	27,125	59,077
Non-current Liabilities:			
Bond payable	-	-	-
TOTAL NON-CURRENT LIABILITIES	-	-	-
TOTAL LIABILITIES	31,952	27,125	59,077
NET ASSETS:			
Invested in capital assets net of related debt	263,916	2,514,978	2,778,894
Restricted - debt service	-	-	-
Unrestricted	727,045	838,616	1,565,661
TOTAL NET ASSETS	\$ 990,961	\$ 3,353,594	\$ 4,344,555

The accompanying notes are an integral part of these financial statements.

Township of Ishpeming, Michigan

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Fiscal Year Ended March 31, 2007

		Business - Type Activities Enterprise Funds	
	Water System Fund	Sewer System Fund	Total
OPERATING REVENUES:			
Charges for services (net)	\$ 177,431	\$ 290,949	\$ 468,380
Other operating revenue	-	-	-
TOTAL OPERATING REVENUES	177,431	290,949	468,380
OPERATING EXPENSES:			
Operating expenses	136,349	298,772	435,121
Depreciation	28,131	27,376	55,507
TOTAL OPERATING EXPENSES	164,480	326,148	490,628
OPERATING INCOME (LOSS)	12,951	(35,199)	(22,248)
NON-OPERATING REVENUES (EXPENSES):			
Investment income	35,695	36,271	71,966
Gain (loss) on investment in IAWTF	-	(31,708)	(31,708)
Interest expense	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	35,695	4,563	40,258
INCOME (LOSS) BEFORE TRANSFERS	48,646	(30,636)	18,010
CHANGE IN NET ASSETS	48,646	(30,636)	18,010
Net assets, beginning of year	942,315	3,384,230	4,326,545
NET ASSETS, END OF YEAR	\$ 990,961	\$ 3,353,594	\$ 4,344,555

The accompanying notes are an integral part of these financial statements.

Township of Ishpeming, Michigan

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended March 31, 2007

	Business -Type Activities Enterprise Funds		
	Water System Fund	Sewer System Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from fees and charges for services	\$ 183,847	\$ 296,315	\$ 480,162
Other operating revenues	-	-	-
Cash payments to employees for services	80	143	223
Cash payments to suppliers for goods and services	(132,657)	(295,774)	(428,431)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	51,270	684	51,954
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Cash payments for capital assets	(26,396)	(9,300)	(35,696)
Investment in IAWTF	-	-	-
Interest payments on bonds	-	-	-
Principal payments on bonds	-	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(26,396)	(9,300)	(35,696)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	35,695	36,271	71,966
(Additions) deductions to investments	-	(11,624)	(11,624)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	35,695	24,647	60,342
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	60,569	16,031	76,600
Cash and cash equivalents, beginning of year	676,970	639,685	1,316,655
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 737,539	\$ 655,716	\$ 1,393,255
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 12,951	\$ (35,199)	\$ (22,248)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	28,131	27,376	55,507
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	6,416	5,366	11,782
(Increase) decrease in prepaid expense	(408)	(363)	(771)
Increase (decrease) in due from funds	4,100	3,361	7,461
Increase (decrease) in accrued interest	-	-	-
Increase (decrease) in accounts payable	-	-	-
Increase (decrease) in accrued liabilities	80	143	223
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 38,319	\$ 35,883	\$ 74,202
NET ADJUSTMENTS	51,270	684	51,954

The accompanying notes are an integral part of these financial statements.

Township of Ishpeming, Michigan

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

March 31, 2007

	<u>Agency Funds</u>
ASSETS:	
Cash and cash equivalents	\$ 292,373
Due from other funds	<u>-</u>
TOTAL ASSETS	<u><u>\$ 292,373</u></u>
LIABILITIES:	
Due to other funds	\$ 290,069
Due to others	<u>2,304</u>
TOTAL LIABILITIES	<u><u>\$ 292,373</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Township have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant of these accounting policies established in GAAP and used by the Township are described below.

(1) REPORTING ENTITY

The Township's financial statements present the Township (the primary government). In evaluating the Township as a reporting entity, management has addressed all potential component units (traditionally separate reporting units) for which the Township may or may not be financially accountable and, as such, be includable within the Township's financial statements.

(2) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Township's basic financial statements include both government-wide (reporting the Township as a whole) and fund financial statements (reporting the Township's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Township's legislative, public works, public safety, community and economic development, recreation and culture and general services and administration are classified as governmental activities. The Township's Wastewater Treatment Facility and Water Fund are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The government-wide focus is more on the sustainability of the Township as an entity and the change in the Township's net assets resulting from the current year's activities. For the most part, the effect of interfund activities has been removed from these statements.

(3) BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the Township are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Township:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Township programs. The agency fund is custodial in nature and does not present results of operations or have a measurement focus.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The Township reports the following major governmental funds:

- ▶ The **General Fund** is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- ▶ The **Fire Fund** accounts for the activity related to the Fire Department.

The Township reports the following major proprietary funds:

- ▶ The **Sewer System Fund** accounts for the management of wastewater treatment services including billing, maintenance and construction.
- ▶ The **Water System Fund** accounts for the management of water services, including

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The Township's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the Township, these funds are not incorporated into the government-wide statements.

(3) BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

All proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service expenditures, compensated absences, and claims and judgments are recorded only when payment is due.

FINANCIAL STATEMENT AMOUNTS

Budgets and Budgetary Accounting – The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Township Supervisor submits to the Township Board of Trustees a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- b. Numerous opportunities exist for public comment during the budget process including at least two formal public hearings conducted at the Township Hall to obtain taxpayer comment.
- c. Pursuant to statute, prior to March 31 of each year the budget for the ensuing year is legally enacted through adoption of an Annual General Appropriations Act.
- d. The general statute governing Township budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of the said Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The Township Board of Trustees, through policy action, specifically directs the Supervisor not to authorize or participate in any expenditure of funds except as authorized by the Annual General Appropriations Act. The Board recognized that, in addition to possible Board sanctions for willful disregard of this policy, State statutes provide for civil liability for violations of the Annual General Appropriations Act.
- e. The Supervisor is authorized by means of Township policy to make certain transfers:
 - 1. The Supervisor receives a request for a budget transfer from the head of the department whose budget is to be affected. Such request must specify the necessity for the transfer, the account name and/or groups(s) and amount to be affected within prescribed limitations. Transfers in excess of those limitations must be approved by the Board of Trustees.
 - 2. The following considerations must be reviewed in determination of transfer approvals.
 - a. Are the transfers consistent with the intent of the Board of Trustees in adopting the annual budget?
 - b. Will the transfer maintain the financial integrity of the Township?
 - c. Will the transfer provide a reasonable solution to the departmental operating problem?

Considering the above, the Supervisor will then decide whether or not the transfer should be made.

Supplemental appropriations are submitted to and reviewed by the Supervisor and submitted to the Township Board of Trustees for their review and approval. If approved, they are implemented by the Supervisor through a budget revision.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- f. The Township adopts its Annual Budget on a departmental basis. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary control exists at the most detailed level adopted by the Board of Trustees, i.e., department for analytical purposes. A detailed line item breakdown is prepared for each program. Accounting, i.e., classification control, resides at the line item detail level.
- g. Budgets for the General Funds were adopted in substance on an accrual basis which is consistent with generally accepted accounting principles. Budgeted amounts as reported in the Financial Report are as originally adopted and/or amended by the Township Board of Trustees.

Cash Equivalents and Investments – For the purposes of balance sheet classification and the statement of cash flows, cash and equivalents consist of demand deposits, cash in savings, money market accounts and short-term certificates of deposit with original maturity of three months or less. Investments are carried at fair value.

Capital Assets – Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their fair value on the date donated. Depreciation on all exhaustible capital assets is charged as an expense against their operations in government-wide statements and proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Land improvements	15 years
Building, structures and improvements	40 years
Equipment	5 years
Water and Sewage System	20-50 years
Vehicles	5 years
Infrastructure	20-50 years

Long-Term Liabilities – In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. In the fund financial statements, the face amount of debt issued is reported as other financing sources.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

Property Taxes – Property taxes are levied as of December 1 of each year and are due by the last day of the following March. The taxes are collected by the local unit and periodically remitted to the third parties during the collection period.

Deferred Revenues – Deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

Interfund Activity – Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a result of the reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

NOTE B – DEPOSITS AND INVESTMENTS:

Cash Equivalents

The following is a reconciliation of cash and investments for both the unrestricted and restricted assets for the primary government and fiduciary funds from the Statement of Net Assets:

	Primary Government	Fiduciary Funds	Total
Unrestricted:			
Cash and cash equivalents	\$ 2,816,699	\$ 292,373	\$3,109,072
Investments	165,058	-	165,058
Restricted:			
Cash and cash equivalents	-	-	-
Investments	-	-	-
TOTALS	\$2,981,757	\$292,373	\$3,274,130

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. State law does not require and the Township does not have a deposit policy for custodial credit risk. The carrying amounts of the Township's deposits with financial institutions were \$3,109,072 and the bank balance was \$3,337,939. The bank balance is categorized as follows:

NOTE B – DEPOSITS AND INVESTMENTS (Continued):

Amount insured by the FDIC or uncollateralized with securities held by the Township in its name	\$ 763,412
Amount collateralized with securities held by the pledging financial institutions trust department in the Township's name:	
Collateralized and uninsured	<u>2,574,527</u>
	<u>\$ 3,337,939</u>

Investments

As of March 31, 2006, the Township had the following investments.

	Fair Value	Investment Maturities (In years)			
		Less than 1	1-5	6-10	More than 10
PRIMARY GOVERNMENT:					
Unrestricted Investments:					
Financing Corp CPN FICO Strips	\$ 56,093	\$ -	\$ 56,093	\$ -	\$ -
Federal National Mortgage Association FNMA Strips	108,965	-	-	108,965	-
TOTAL INVESTMENTS	<u>\$ 165,058</u>	<u>\$ -</u>	<u>\$ 56,093</u>	<u>\$ 108,965</u>	<u>\$ -</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Township's investments. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Michigan statutes (Act 196, PA 1997) authorize the Township to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

The Township has no investment policy that would further limit its investment choices. Ratings are not required for the Township's investment in U.S. Government Agencies or equity-type funds. The Township's investments are in accordance with statutory authority.

Concentration of Credit Risk

The Township places no limit on the amount the Township may invest in any one issuer. There were no investments subject to concentration of credit risk disclosure.

NOTE C – INTERFUND BALANCES:

The Township reports inter-fund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of inter-fund balances presented in the statements of net assets/balance sheet for governmental funds. Inter-fund transactions resulting in inter-fund receivables and payables are as follows:

		Due To Other Funds				
		Fire Department Fund	Water System Fund	Sewer System Fund	Fiduciary Funds	Total
Due From Other Funds	General Fund	\$876	\$30,600	\$25,861	\$124,862	\$182,301
	Fire Department Fund	-	-	-	138,526	138,526
	Non Major Governmental Funds	-	-	-	26,681	26,681
	Total	\$976	\$30,600	\$25,861	\$290,069	\$347,508

All balances resulted from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

		Transfer Out From Other Funds	
		General Fund	Total
Transfer In From Other Funds	Street Improvement Fund	\$50,000	\$50,000
	Total	\$50,000	\$50,000

NOTE D – CAPITAL ASSETS:

A summary of the capital assets of the Governmental Activities is as follows:

	Balance at April 1, 2006	Additions	Disposals	Balance at March 31, 2007
GOVERNMENTAL ACTIVITIES:				
Land	\$ -	\$ -	\$ -	\$ -
Total Capital Assets, not being depreciated	-	-	-	-
Buildings and improvements	997,004	36,682	-	1,033,686
Furniture and equipment	1,074,077	32,596	-	1,106,673
Total Capital Assets, being depreciated	2,071,081	69,278	-	2,140,359
Less Accumulated Depreciation:				
Buildings and improvements	(381,820)	(25,842)	-	(407,662)
Furniture and equipment	(891,857)	(85,742)	-	(977,599)
Total Accumulated Depreciation	(1,273,677)	(111,584)	-	(1,385,261)
Governmental Activities Capital Assets, Net	\$ 797,404	(\$ 42,306)	\$ -	\$ 755,098

NOTE D – CAPITAL ASSETS (Continued):

Depreciation expenses for the governmental activities were charged to the following functions and activities of the primary government:

General Government	\$ 32,396
Public Works	9,800
Public Safety	68,063
Recreation and Culture	1,325
Total	<u>\$ 111,584</u>

A summary of changes in business-type activities capital assets is as follows:

	Balance at April 1, 2006	Additions	Disposals	Balance at March 31, 2007
BUSINESS-TYPE ACTIVITIES:				
Land	\$ -	\$ -	\$ -	\$ -
Total Capital Assets, not being depreciated	-	-	-	-
Buildings and improvements	2,290,368	26,396	-	2,316,764
Equipment	117,267	9,300	-	126,567
Total Capital Assets, being depreciated	2,407,635	35,696	-	2,443,331
Less Total Accumulated Depreciation	(1,820,305)	(55,507)	-	(1,875,812)
Business Type Activities Capital Assets, Net	<u>\$ 587,330</u>	<u>\$(19,811)</u>	<u>\$ -</u>	<u>\$ 567,519</u>

Depreciation expense for the business-type activities was charged to the following functions and activities of the primary government:

Business-Type Activities:	
Water System	\$28,131
Sewer System	27,376
Total Depreciation Expense – Business-Type Activities	<u>\$55,507</u>

NOTE E – LONG-TERM DEBT:

SCHEDULE OF MARQUETTE COUNTY SOLID WASTE MANAGEMENT BONDS
March 31, 2007

	November 1	May 1		Total
	Interest	Interest	Principal	
2008	\$ 1,754	\$ 2,310	\$ 21,770	\$ 25,834
2009	653	1,742	23,706	26,101
2010	-	652	9,667	10,319
TOTALS	<u>\$ 2,407</u>	<u>\$ 4,704</u>	<u>\$ 55,143</u>	<u>\$ 62,254</u>

The Township of Ishpeming is obligated to reimburse Marquette County Solid Waste Management Authority a proportional share of the debt service costs associated with bonds issued to construct the Solid Waste Disposal System located in Marquette County. A schedule of the Township's required payments is as follows:

NOTE E – LONG-TERM DEBT (Continued):

	April 1, 2006	Additions	Subtractions	March 31, 2007
Governmental Activities:				
Landfill Bond	\$ 91,921	\$ -	\$ 20,320	\$ 71,601
Total Governmental Activities	\$ 91,921	\$ -	\$20,320	\$ 71,601
 TOTAL PRIMARY GOVERNMENT LONG-TERM DEBT	 \$ 91,921	 \$ -	 \$ 20,320	 \$ 71,601

NOTE F – PROPERTY TAXES:

The Local Governmental Unit property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in the Local Governmental Unit as of the preceding December 31st.

Although the Local Governmental Unit 2006 ad valorem tax is levied and collectible on December 1, 2006, it is the Local Governmental Unit's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60) days.

The 2006 taxable valuation of the Local Governmental Unit totaled \$73,258,687 on which ad valorem taxes levied consisted of 1.2262 mills for the Local Governmental Unit operation purposes 2.000 mills for Fire Department Services and .4000 mills for street lighting. These amounts are recognized in the respective fund financial statements as revenue.

NOTE G – OTHER POST EMPLOYMENT BENEFITS:

The Township of Ishpeming offers group benefit health insurance coverage under various collective bargaining agreements covering substantially all employees and former employees of the Township. This benefit is accounted for on the pay-as-you-go method, whereby the Township is reporting the amounts paid as expenditures in the year the amount is paid for the benefit provided. The amount paid for employees for the period ended March 31, 2007 was \$-0-.

NOTE H – CONTINGENT LIABILITIES:

Risk Management - The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained commercial insurance to handle its risk of loss.

NOTE I – PENSION TRUST FUND:

The Township has a pension plan for its all full time employees. This plan is a defined contribution pension plan for Michigan Township Employees. Each employee shall be eligible to participate in the Plan upon attaining age 18 and not more than age 75. There is no minimum service requirement. The Township contributes 11.2% of the employee's annual salary to the Plan. The total contribution for the year ended March 31, 2007 was \$29,085.

NOTE J – PENSION PLAN:

Plan Description – The Township participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all employees of the Township. The System provides retirement, disability and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy – The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's competitive bargaining units, and requires a contribution from the employees of 0 - 3.6% of gross wages.

Annual Pension Cost – For year ended March 31, 2007, the Township's annual pension cost of \$30,516 was equal to the Township's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2005, using the entry actual age cost method. Significant actuarial assumptions used include (a) an 8.0 investment rate of return, and (b) projected salary increases of 4.5 percent per year. Both (a) and (b) include an inflation component of 4.5%. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a four year period. The unfunded actuarial liability is being amortized as a level percentage of payrolls on a closed basis. The remaining amortization period is 30 years.

	Three Year Trend Information		
	Fiscal Year Ended December 31		
	2003	2004	2005
Annual Pension Cost	-	-	\$502,978
Percentage of APC Contributed	-	-	100%
Net Pension Obligation	-	-	30,670
Actuarial Value of Assets	-	-	543,234
Actuarial Accrued Liability (Entry Age)	-	-	789,221
Unfunded AAL	-	-	245,987
Funded Ratio	-	-	69%
Covered Payroll	-	-	90%
UAAL as a Percentage of Covered Payroll	-	-	272,521

NOTE K – JOINT VENTURE:

Ishpeming Area Joint Wastewater Treatment Board

The City of Ishpeming and the Township of Ishpeming entered into an agreement on December 10, 1981 for the purpose of creating the Ishpeming Area Joint Wastewater Treatment Board (Board). The Board shall design, construct, operate and maintain a joint wastewater treatment plant and related facilities. Unless otherwise agreed by the City and Township, the Board shall not levy or assess user charges, sewer rates, or fees directly against individual users of the wastewater treatment plant, but shall instead be reimbursed by contract payments from the City and Township. The City and Township shall be responsible for collecting user charges, sewer rates, fees, penalties and the like from their respective residents and users of the system.

The Township utilizes the equity method of accounting for the activity in its investment in the Facility. Under the equity method the investment is adjusted for any additional capital investments made and its proportionate share of the Facility's results of operations.

NOTE K – JOINT VENTURE (Continued):

A summary of condensed financial information of the Facility, in the aggregate, as of December 31, 2006, is as follows:

Assets	\$ 6,865,687
Liabilities	164,551
Equity - All local units	6,701,136
Operating Revenues	674,925
Operating Expenses	841,584
Other Income	70,580
Net Income (loss)	(96,079)
Township's Share of Net Income (loss)	(31,708)

Marquette County Solid Waste Management Authority

In February 1990, the Township of Ishpeming joined 21 other municipalities in the Marquette County Solid Waste Management Authority ("Authority"). The authority was created pursuant to Act 233 of 1955 to plan for, acquire, construct, finance, operate, maintain, repair and dispose of, whether by sale, lease, or otherwise, an Act 641 landfill, including all improvements, appurtenances, easements, accessory facilities and structure, equipment, and other property part of or incidental to the landfill sufficient to satisfy the requirements of, and function as a solid waste disposal area under Act 641 and to establish and administer procedures providing for the separation, recycling, recovery, conversion of solid waste to energy and for the disposition of such energy output and disposal at the site of Non-toxic Type II and Type III Solid Waste, to fund all of the above activities, to charge and collect fees in connection with the operation of the landfill and to provide for the reimbursement with receipt of bond proceeds to the City of Marquette and Sands Township of their respective costs and expenses incurred in connection with the establishment and administration of the Solid Waste Authority and the System Facility.

The Authority is governed by a Board of Trustees consisting of one (1) member (who shall be the Chairperson of the Board of Trustees) designated by the Sands Township Supervisor on behalf of the Sands Township, two (2) members designated by the Marquette City Commission; three (3) members designated by the Marquette County Board of Commissioners, and one resident of the City of Marquette appointed by other six Authority Board members. All decisions of the Board are made by majority vote, consisting of at least four of its members.

The Township's share of assets, liabilities, and fund equity is 4.96 percent. Summary financial information as of and for the fiscal year ended June 30, 2006 is as follows:

Total Assets	\$ 13,505,304
Total Liabilities	2,135,432
Total Net Assets	11,369,872
Total Operating Revenues	2,368,781
Total Operating Expenses	2,625,815
Net Income (Loss)	257,034

The City of Marquette has pledged its full faith and credit for the Marquette County Solid Waste Management Authority Bonds, Series 1988. These bonds are payable from the net revenues of the Authority, as well as by each member of the Authority to the extent of their pro rata share of the principal and interest requirements on the bonds.

Marquette County issued the Marquette County Solid Waste System Bonds, Series 1991. These bonds are to be paid with a portion of tipping fees designated for bond repayment.

NOTE L – VESTED EMPLOYEE BENEFITS:

Employees can earn sick leave and vacation at various schedules dependent upon their length of employment. Upon retirement, death, termination or disability, employees or their estates are paid for all outstanding vacation and sick days accumulated at their current rate of pay.

		<u>Accrued Sick and Vacation</u>
Primary Government:		
Current portion		\$ 14,594
Long-term portion		<u>43,780</u>
TOTAL		<u>\$ 58,374</u>

NOTE M – BUDGET VIOLATIONS:

Public Act 621 of 1978, Section 18(1), as amended, provides that a Township shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the County's actual expenditures and budgeted expenditures have been shown on an activity and/or program level.

The following activity and/or programs had excess expenditures over appropriations at March 31, 2007:

<u>Activity/Program</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
General Government:			
Supervisor	\$ 14,797	\$ 14,807	\$ 10
Assessor	48,420	49,661	1,441
Township Hall and Grounds	100,300	105,669	5,369
Public Safety:			
Police Department	51,450	82,652	31,202
Other Expenditures:			
Other Expenditures	140,201	151,647	11,446
Special Revenue:			
Streetlight Fund	30,450	32,925	2,475

REQUIRED SUPPLEMENTAL FINANCIAL INFORMATION

Township of Ishpeming, Michigan

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended March 31, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP	Final Budget
			Basis	Positive
				(Negative)
REVENUES:				
Taxes	\$ 93,450	\$ 93,450	\$ 147,512	\$ 54,062
State sources	265,000	265,000	262,506	(2,494)
Charges for services	212,200	212,200	190,341	(21,859)
Interest	14,500	14,500	33,425	18,925
Other revenues	27,250	27,250	14,799	(12,451)
TOTAL REVENUES	612,400	612,400	648,583	36,183
EXPENDITURES:				
Legislative	13,300	13,300	9,798	3,502
General services and administration	218,420	224,240	220,522	3,718
Public safety	63,550	63,550	92,619	(29,069)
Public works	208,468	208,468	176,607	31,861
Health and welfare	-	-	-	-
Community and economic development	22,300	22,300	8,462	13,838
Recreation and culture	13,100	13,100	6,861	6,239
Other	140,201	140,201	151,647	(11,446)
Capital outlay	-	-	-	-
Debt service	-	-	-	-
TOTAL EXPENDITURES	679,339	685,159	666,516	18,643
EXCESS OF REVENUES OVER				
(UNDER) EXPENDITURES	(66,939)	(72,759)	(17,933)	54,826
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers (out)	(50,000)	(50,000)	(50,000)	-
TOTAL OTHER FINANCING				
SOURCES (USES)	(50,000)	(50,000)	(50,000)	-
CHANGE IN FUND BALANCE	(116,939)	(122,759)	(67,933)	54,826
Fund balance, beginning of year	1,024,987	1,024,987	1,024,987	-
FUND BALANCE, END OF YEAR	\$ 908,048	\$ 902,228	\$ 957,054	\$ 54,826

Township of Ishpeming, Michigan

FIRE DEPARTMENT FUND

BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended March 31, 2007

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 141,700	\$ 141,700	\$ 153,264	\$ 11,564
State sources	-	-	-	-
Charges for services	46,400	46,400	46,265	(135)
Interest	100	100	5,467	5,367
Other revenues	-	-	290	290
TOTAL REVENUES	188,200	188,200	205,286	17,086
EXPENDITURES:				
Legislative	-	-	-	-
Elections	-	-	-	-
General services and administration	-	-	-	-
Public safety	182,467	182,467	139,763	42,704
Public works	-	-	-	-
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
TOTAL EXPENDITURES	182,467	182,467	139,763	42,704
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,733	5,733	65,523	59,790
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
CHANGE IN FUND BALANCE	5,733	5,733	65,523	59,790
Fund balance, beginning of year	201,431	201,431	201,431	-
FUND BALANCE, END OF YEAR	\$ 207,164	\$ 207,164	\$ 266,954	\$ 59,790

Township of Ishpeming, Michigan

STREET IMPROVEMENT FUND

BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended March 31, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP	Final Budget
			Basis	Positive
				(Negative)
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Charges for services	-	-	-	-
Interest	3,000	3,000	8,987	5,987
Other revenues	-	-	-	-
TOTAL REVENUES	3,000	3,000	8,987	5,987
EXPENDITURES:				
Legislative	-	-	-	-
Elections	-	-	-	-
General services and administration	-	-	-	-
Public safety	-	-	-	-
Public works	10,000	10,000	-	10,000
Health and welfare	-	-	-	-
Community and economic development	-	-	-	-
Recreation and culture	-	-	-	-
Other	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
TOTAL EXPENDITURES	10,000	10,000	-	10,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,000)	(7,000)	8,987	15,987
OTHER FINANCING SOURCES (USES):				
Transfers in	50,000	50,000	50,000	-
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	50,000	50,000	50,000	-
CHANGE IN FUND BALANCE	43,000	43,000	58,987	15,987
Fund balance, beginning of year	225,058	225,058	225,058	-
FUND BALANCE, END OF YEAR	\$ 268,058	\$ 268,058	\$ 284,045	\$ 15,987

Other Supplemental Information

Township of Ishpeming, Michigan
MAJOR GOVERNMENTAL FUNDS
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes:			
Current levy	\$ 86,300	\$ 115,013	\$ 28,713
Delinquent taxes	3,400	7,073	3,673
Commercial forest reserve	3,000	3,916	916
Swamp tax	-	280	280
Tax collection fees	750	21,230	20,480
Total Taxes	<u>93,450</u>	<u>147,512</u>	<u>54,062</u>
State Sources:			
State revenue sharing	265,000	262,506	(2,494)
Total State Sources	<u>265,000</u>	<u>262,506</u>	<u>(2,494)</u>
Charges for Services:			
Sanitation services	190,000	150,497	(39,503)
Permits and fees	2,800	23,544	20,744
Administrative services	19,000	16,300	(2,700)
Miscellaneous services	400	-	(400)
Total Charges for Services	<u>212,200</u>	<u>190,341</u>	<u>(21,859)</u>
Interest and Rents			
Interest	12,000	31,235	19,235
Rents	2,500	2,190	(310)
Total Interest and Rents	<u>14,500</u>	<u>33,425</u>	<u>18,925</u>
Other Revenues:			
Miscellaneous other	27,250	14,799	(12,451)
Total Other Revenues	<u>27,250</u>	<u>14,799</u>	<u>(12,451)</u>
TOTAL REVENUES	<u>612,400</u>	<u>648,583</u>	<u>36,183</u>
EXPENDITURES:			
LEGISLATIVE:			
Township Board:			
Personnel services	5,100	4,531	569
Other services and charges	8,200	5,267	2,933
TOTAL LEGISLATIVE	<u>13,300</u>	<u>9,798</u>	<u>3,502</u>
GENERAL SERVICES AND ADMINISTRATION:			
Supervisor:			
Personnel services	14,097	14,097	-
Supplies	-	-	-
Other services and charges	700	710	(10)
Total Supervisor	<u>14,797</u>	<u>14,807</u>	<u>(10)</u>

Township of Ishpeming, Michigan
MAJOR GOVERNMENTAL FUNDS
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
Assessor:			
Personnel services	\$ 43,420	\$ 42,670	\$ 750
Supplies	2,400	791	1,609
Other services and charges	1,200	6,200	(5,000)
Capital outlay	1,500	-	1,500
Total Assessor	<u>48,520</u>	<u>49,661</u>	<u>(1,141)</u>
Elections:			
Personnel services	3,000	3,329	(329)
Supplies	1,900	1,634	266
Other services and charges	500	-	500
Total Elections	<u>5,400</u>	<u>4,963</u>	<u>437</u>
Clerk:			
Personnel services	17,839	17,765	74
Supplies	-	-	-
Other services and charges	450	460	(10)
Capital outlay	1,000	565	435
Total Clerk	<u>19,289</u>	<u>18,790</u>	<u>499</u>
Board of Review:			
Personnel services	600	-	600
Supplies	-	-	-
Other services and charges	100	-	100
Total Board of Review	<u>700</u>	<u>-</u>	<u>700</u>
Treasurer:			
Personnel services	24,429	17,208	7,221
Supplies	7,000	-	7,000
Other services and charges	3,305	9,424	(6,119)
Capital outlay	500	-	500
Total Treasurer	<u>35,234</u>	<u>26,632</u>	<u>8,602</u>
Township Hall and Grounds:			
Personnel services	48,650	47,311	1,339
Supplies	12,000	12,607	(607)
Other services and charges	29,650	45,751	(16,101)
Capital outlay	10,000	-	10,000
Total Township Hall and Grounds	<u>100,300</u>	<u>105,669</u>	<u>(5,369)</u>
TOTAL GENERAL SERVICES AND ADMINISTRATION	<u>224,240</u>	<u>220,522</u>	<u>3,718</u>

Township of Ishpeming, Michigan
MAJOR GOVERNMENTAL FUNDS
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
PUBLIC SAFETY:			
Police Department			
Personnel services	\$ 38,000	\$ 38,676	\$ (676)
Supplies	2,000	5,541	(3,541)
Other services and charges	6,450	5,839	611
Capital outlay	5,000	32,596	(27,596)
Total Police Department	51,450	82,652	(31,202)
Animal Control:			
Personnel services	10,300	8,413	1,887
Supplies	400	514	(114)
Other services and charges	1,400	1,040	360
Total Animal Control	12,100	9,967	2,133
TOTAL PUBLIC SAFETY	63,550	92,619	(29,069)
PUBLIC WORKS:			
Streets:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	10,000	-	10,000
Capital outlay	5,000	-	5,000
Total Streets	15,000	-	15,000
Sanitation			
Personnel services	9,100	6,276	2,824
Supplies	2,250	1,228	1,022
Other services and charges	165,200	153,984	11,216
Debt service	16,918	15,119	1,799
Total Sanitation	193,468	176,607	16,861
TOTAL PUBLIC WORKS	208,468	176,607	31,861
RECREATION AND CULTURE:			
Recreation			
Personnel services	4,000	2,648	1,352
Supplies	2,500	362	2,138
Other services and charges	1,600	1,283	317
Capital Outlay	5,000	2,568	2,432
TOTAL RECREATION AND CULTURE	13,100	6,861	6,239

Township of Ishpeming, Michigan
MAJOR GOVERNMENTAL FUNDS
GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
COMMUNITY AND ECONOMIC DEVELOPMENT			
Zoning:			
Personnel services	\$ 9,000	\$ 5,167	\$ 3,833
Supplies	1,000	3,295	(2,295)
Other services and charges	12,300	-	12,300
TOTAL COMMUNITY AND ECONOMIC DEVELOPMENT	<u>22,300</u>	<u>8,462</u>	<u>13,838</u>
OTHER EXPENDITURES			
Fringe Benefits	86,810	77,656	9,154
Insurance and Bonds	22,000	28,232	(6,232)
Miscellaneous	25,791	44,859	(19,068)
Capital Outlay	5,600	900	4,700
TOTAL OTHER EXPENDITURES	<u>140,201</u>	<u>151,647</u>	<u>(11,446)</u>
TOTAL EXPENDITURES	<u>685,159</u>	<u>666,516</u>	<u>18,643</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(72,759)</u>	<u>(17,933)</u>	<u>54,826</u>
OTHER FINANCING SOURCES (USES):			
Transfers In:	-	-	-
Transfers (Out):	(50,000)	(50,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
CHANGE IN FUND BALANCE	<u>(122,759)</u>	<u>(67,933)</u>	<u>54,826</u>
Fund balance, beginning of year	1,024,987	1,024,987	-
FUND BALANCE, END OF YEAR	<u><u>\$ 902,228</u></u>	<u><u>\$ 957,054</u></u>	<u><u>\$ 54,826</u></u>

Township of Ishpeming, Michigan
MAJOR GOVERNMENTAL FUNDS
FIRE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes:			
Current levy	\$ 136,000	\$ 138,526	\$ 2,526
Delinquent taxes	3,700	8,213	4,513
Commercial forest reserve	2,000	6,525	4,525
Total Taxes	141,700	153,264	11,564
Charges for Services:			
Fire calls	46,400	46,265	(135)
Total Charges for Services	46,400	46,265	(135)
Interest:			
Interest income - investments	100	5,467	5,367
Total Interest	100	5,467	5,367
Other Revenue:			
Other Revenue	-	290	290
Total Other Revenues	-	290	290
TOTAL REVENUES	188,200	205,286	17,086
EXPENDITURES:			
Public Safety			
Fire Department:			
Personnel services	11,660	13,733	(2,073)
Supplies	10,000	14,849	(4,849)
Other services and charges	105,807	103,479	2,328
Capital Outlay	55,000	7,702	47,298
Total Fire Department	182,467	139,763	42,704
Total Public Safety	182,467	139,763	42,704
TOTAL EXPENDITURES	182,467	139,763	42,704
EXCESS OF REVENUES OVER			
(UNDER) EXPENDITURES	5,733	65,523	59,790
OTHER FINANCING SOURCES (USES):			
Transfers In	-	-	-
Transfers (Out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
CHANGE IN FUND BALANCE	5,733	65,523	59,790
Fund balance, beginning of year	201,431	201,431	-
FUND BALANCE, END OF YEAR	\$ 207,164	\$ 266,954	\$ 59,790

Township of Ishpeming, Michigan

**MAJOR GOVERNMENTAL FUNDS
STREET IMPROVEMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
State Sources:	\$ -	\$ -	\$ -
Interest:	3,000	8,987	5,987
TOTAL REVENUES	<u>3,000</u>	<u>8,987</u>	<u>5,987</u>
EXPENDITURES:			
Public Works:			
Streets:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	10,000	-	10,000
Capital Outlay	-	-	-
Total Streets	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total Public Works	<u>10,000</u>	<u>-</u>	<u>10,000</u>
TOTAL EXPENDITURES	<u>10,000</u>	<u>-</u>	<u>10,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,000)</u>	<u>8,987</u>	<u>15,987</u>
OTHER FINANCING SOURCES (USES):			
Transfers In	50,000	50,000	-
Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>50,000</u>	<u>50,000</u>	<u>-</u>
CHANGE IN FUND BALANCE	43,000	58,987	15,987
Fund balance, beginning of year	<u>225,058</u>	<u>225,058</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 268,058</u></u>	<u><u>\$ 284,045</u></u>	<u><u>\$ 15,987</u></u>

Township of Ishpeming, Michigan

**NON-MAJOR
GOVERNMENTAL FUNDS**

BALANCE SHEET

March 31, 2007

	Senior Citizen Fund	Capital Improvement Fund	Recreation Fund	Streetlight Fund	Budget Stabilization Fund	Special Revenue Fund Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 1,115	\$ 65,172	\$ 34,455	\$ 35,041	\$ 193,654	\$ 329,437
Accounts receivable	-	15,289	-	1,596	-	16,885
Due from other funds	-	-	-	26,681	-	26,681
TOTAL ASSETS	\$ 1,115	\$ 80,461	\$ 34,455	\$ 63,318	\$ 193,654	\$ 373,003
LIABILITIES AND FUND BALANCE						
LIABILITIES:						
Accounts payable	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-
FUND BALANCE:						
Unreserved	1,115	80,461	34,455	63,318	193,654	373,003
TOTAL FUND BALANCE	1,115	80,461	34,455	63,318	193,654	373,003
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,115	\$ 80,461	\$ 34,455	\$ 63,318	\$ 193,654	\$ 373,003

Township of Ishpeming, Michigan

**NON-MAJOR
GOVERNMENTAL FUNDS**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended March 31, 2007

	Senior Citizens Fund	Capital Improvement Fund	Recreation Fund	Streetsight Fund	Budget Stabilization Fund	Special Revenue Fund Total Governmental Funds
REVENUES:						
Property Taxes	\$ -	\$ -	\$ -	\$ 29,545	\$ -	\$ 29,545
Interest	46	2,545	1,461	1,072	9,179	14,303
Other	-	15,289	-	3,275	-	18,564
TOTAL REVENUES	46	17,834	1,461	33,892	9,179	62,412
EXPENDITURES:						
General Government	-	-	-	-	-	-
Public Works	-	-	-	32,925	-	32,925
Recreation and Culture	-	-	2,054	-	-	2,054
Capital Outlay	-	3,042	-	-	-	3,042
Other Functions	-	-	-	-	-	-
TOTAL EXPENDITURES	-	3,042	2,054	32,925	-	38,021
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	46	14,792	(593)	967	9,179	24,391
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
CHANGE IN FUND BALANCE	46	14,792	(593)	967	9,179	24,391
Fund balance, beginning of year	1,069	65,669	35,048	62,351	184,475	348,612
FUND BALANCE, END OF YEAR	\$ 1,115	\$ 80,461	\$ 34,455	\$ 63,318	\$ 193,654	\$ 373,003

Township of Ishpeming, Michigan

NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
SENIOR CITIZENS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest:	\$ 10	\$ 46	\$ 36
Other:	-	-	-
TOTAL REVENUES	<u>10</u>	<u>46</u>	<u>36</u>
EXPENDITURES:			
Recreation and Culture:			
Senior Citizens:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	200	-	200
Capital outlay	-	-	-
Total Senior Citizens	<u>200</u>	<u>-</u>	<u>200</u>
TOTAL EXPENDITURES	<u>200</u>	<u>-</u>	<u>200</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(190)</u>	<u>46</u>	<u>236</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	210	-	(210)
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>210</u>	<u>-</u>	<u>(210)</u>
CHANGES IN FUND BALANCE	<u>20</u>	<u>46</u>	<u>26</u>
Fund balance, beginning of year	<u>1,069</u>	<u>1,069</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,089</u>	<u>\$ 1,115</u>	<u>\$ 26</u>

Township of Ishpeming, Michigan

NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
CAPITAL IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest:	\$ 2,000	\$ 2,545	\$ 545
Other:	16,000	15,289	(711)
TOTAL REVENUES	<u>18,000</u>	<u>17,834</u>	<u>(166)</u>
EXPENDITURES:			
Capital Outlay:			
Capital Outlay:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	-	-	-
Capital outlay	10,000	3,042	6,958
Total Capital Outlay	<u>10,000</u>	<u>3,042</u>	<u>6,958</u>
TOTAL EXPENDITURES	<u>10,000</u>	<u>3,042</u>	<u>6,958</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>8,000</u>	<u>14,792</u>	<u>6,792</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCE	<u>8,000</u>	<u>14,792</u>	<u>6,792</u>
Fund balance, beginning of year	65,669	65,669	-
FUND BALANCE, END OF YEAR	<u>\$ 73,669</u>	<u>\$ 80,461</u>	<u>\$ 6,792</u>

Township of Ishpeming, Michigan

NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
RECREATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest	\$ 750	\$ 1,461	\$ 711
Other	-	-	-
TOTAL REVENUES	<u>750</u>	<u>1,461</u>	<u>711</u>
EXPENDITURES:			
Recreation and Culture:			
Recreation:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	-	-	-
Capital outlay	15,000	2,054	12,946
Total Recreation	<u>15,000</u>	<u>2,054</u>	<u>12,946</u>
TOTAL EXPENDITURES	<u>15,000</u>	<u>2,054</u>	<u>12,946</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(14,250)</u>	<u>(593)</u>	<u>13,657</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCE	<u>(14,250)</u>	<u>(593)</u>	<u>13,657</u>
Fund balance, beginning of year	<u>35,048</u>	<u>35,048</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 20,798</u></u>	<u><u>\$ 34,455</u></u>	<u><u>\$ 13,657</u></u>

Township of Ishpeming, Michigan

NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
STREETLIGHT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes:			
Current levy	\$ 27,347	\$ 26,681	\$ (666)
Delinquent taxes	1,000	1,597	597
Commercial forest reserve	450	1,267	817
Total Taxes	<u>28,797</u>	<u>29,545</u>	<u>748</u>
Interest:			
Investment interest	1,000	1,072	72
Total Interest	<u>1,000</u>	<u>1,072</u>	<u>72</u>
Other:			
Other revenue	950	3,275	2,325
Total Other	<u>950</u>	<u>3,275</u>	<u>2,325</u>
TOTAL REVENUES	<u>30,747</u>	<u>33,892</u>	<u>3,145</u>
EXPENDITURES:			
Public Works:			
Streetlights:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	30,450	32,925	(2,475)
Capital outlay	-	-	-
Total Streetlights	<u>30,450</u>	<u>32,925</u>	<u>(2,475)</u>
TOTAL EXPENDITURES	<u>30,450</u>	<u>32,925</u>	<u>(2,475)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>297</u>	<u>967</u>	<u>670</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCE	<u>297</u>	<u>967</u>	<u>670</u>
Fund balance, beginning of year	<u>62,351</u>	<u>62,351</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 62,648</u>	<u>\$ 63,318</u>	<u>\$ 670</u>

Township of Ishpeming, Michigan

NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
BUDGET STABILIZATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

For the Fiscal Year Ended March 31, 2007

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest	\$ -	\$ 9,179	\$ 9,179
Other	-	-	-
TOTAL REVENUES	<u>-</u>	<u>9,179</u>	<u>9,179</u>
EXPENDITURES:			
Other Functions:			
Other Functions:			
Personnel services	-	-	-
Supplies	-	-	-
Other services and charges	-	-	-
Capital outlay	-	-	-
Total Other Functions	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>9,179</u>	<u>9,179</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCE	<u>-</u>	<u>9,179</u>	<u>9,179</u>
Fund balance, beginning of year	184,475	184,475	-
FUND BALANCE, END OF YEAR	<u>\$ 184,475</u>	<u>\$ 193,654</u>	<u>\$ 9,179</u>

Township of Ishpeming, Michigan

FIDUCIARY FUNDS

COMBINING STATEMENT OF NET ASSETS

March 31, 2007

	Trust & Agency Fund	Tax Collection Fund	Total
ASSETS			
Cash and cash equivalents	\$ 7,371	\$ 285,002	\$ 292,373
Due from other funds	-	-	-
TOTAL ASSETS	<u>\$ 7,371</u>	<u>\$ 285,002</u>	<u>\$ 292,373</u>
LIABILITIES			
Due to other funds	\$ 5,067	\$ 285,002	\$ 290,069
Due to other governmental units	2,304	-	2,304
TOTAL LIABILITIES	<u>\$ 7,371</u>	<u>\$ 285,002</u>	<u>\$ 292,373</u>

COMPLIANCE SUPPLEMENTS



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Supervisor and Members
of the Township Board of Trustees
Township of Ishpeming, Michigan
1575 US Highway 41, West
Ishpeming, Michigan 49849

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Township of Ishpeming, Michigan, as of and for the year ended March 31, 2007, which collectively comprise the Township of Ishpeming, Michigan's basic financial statements and have issued our report thereon dated September 5, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Ishpeming, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Ishpeming, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Ishpeming, Michigan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the Township of Ishpeming, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township of Ishpeming, Michigan's financial statements that is more than inconsequential will not be prevented or detected by the Township of Ishpeming, Michigan's internal control. We consider the deficiencies described in the accompanying report to management to be significant deficiencies in internal control over financial reporting as items 07-01.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township of Ishpeming, Michigan's internal control.

Honorable Supervisor and Members
of the Township Board of Trustees

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Ishpeming, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards* and are described in the accompanying report to management as items 07-2.

This report is intended solely for the information and use of the audit committee, management, and Township Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Company, PLC
Certified Public Accountants

September 5, 2007



PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN
ESCANABA
IRON MOUNTAIN
KINROSS
MARQUETTE

WISCONSIN
GREEN BAY
MILWAUKEE

Township of Ishpeming, Michigan
Report to Management Letter
For the Year Ended March 31, 2007

Honorable Supervisor and Members of
the Township Board of Trustees
Township of Ishpeming, Michigan
1575 U.S. Highway 41
Ishpeming, MI 49849

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Ishpeming, Michigan as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Ishpeming, Michigan's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Ishpeming, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Ishpeming, Michigan's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified the following deficiencies in internal control that we consider to be significant deficiencies.

Honorable Supervisor and Members of
the Township Board of Trustees
Township of Ishpeming, Michigan

07-01 – FINANCIAL REPORTING CYCLE

Condition/Criteria: The monthly and year end financial reporting package as presented to the Board of Trustees is not fully compliant with generally accepted accounting principles. The general ledger is not recording all accruals at year end.

Effect: Because not all of the accruals are being record in the general ledger until after the audit, the financial statements are not compliant with generally accepted accounting principles.

Cause of Condition: Failure to record all accruals in the general ledger.

Recommendation: We suggest that monthly and at year end, all accruals are recorded in the general ledger.

Management Response – Corrective Action Plan:

- Contact Person(s) Responsible for Correction:
 - Sue Jandron, Clerk
- Corrective Action Planned:
 - The Township is planning on starting to record accruals on a monthly basis in the coming fiscal year.
- Anticipated Completion Date:
 - March 31, 2008

INSTANCE OF NON-COMPLIANCE

07-02 (REPEATED) – UNIFORM BUDGETING AND ACCOUNTING ACT (PA621)

Condition/Criteria: Public Act 621 of 1978, Section 18 (1) as amended, provides that local governmental units shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township of Ishpeming, Michigan had actual expenditures and budgeted expenditures for the General Fund and Special Revenue Funds have been shown on a functional basis. The approved budgets of these funds were adopted on an activity and/or program level. During the year ended March 31, 2007, the Township of Ishpeming, Michigan incurred functional expenditures which were in excess of the amounts appropriated as shown within the basic financial statements.

Effect: The Township of Ishpeming, Michigan is not in compliance with State Law.

Cause of Condition: Failure to amend the budgets during the year based on the level of expenditures.

Recommendation: The Township of Ishpeming, Michigan should strictly control expenditures in each governmental fund so as not to exceed the original appropriation. When this is not possible, the budget should be amended accordingly.

Honorable Supervisor and Members of
the Township Board of Trustees
Township of Ishpeming, Michigan

Management Response – Corrective Action Plan:

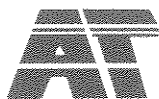
- Contact Person(s) Responsible for Correction:
 - Sue Jandron, Clerk
- Corrective Action Planned:
 - The budget will be more closely monitored and budget amendments will be made accordingly.
- Anticipated Completion Date:
 - March 31, 2008

This communication is intended solely for the information and use of the management, audit committee, Township of Ishpeming, Michigan Board of Trustees, and others within the organization, and is not intended to be and should not be and should not be used by anyone other than these specified parties.

We appreciate and would like to thank the Township of Ishpeming, Michigan's staff for the cooperation and courtesy extended to us during our audit. We would be pleased to discuss any comments or answer any questions regarding our audit with you at your convenience.

Anderson, Tackman & Company, PLC
Certified Public Accountants

September 5, 2007



ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

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MICHIGAN
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WISCONSIN
GREEN BAY
MILWAUKEE

September 5, 2007

Honorable Supervisor and Members
of the Township Board of Trustees
Township of Ishpeming, Michigan
1575 U.S. Highway 41
Ishpeming, Michigan 49849

We have audited the financial statements of the Township of Ishpeming, Michigan for the year ended March 31, 2007, and has issued our report thereon dated September 5, 2007. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of the Township of Ishpeming, Michigan. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, we performed test of the Township of Ishpeming, Michigan's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management is responsible for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of the accounting policies and their application. The significant accounting policies used by the Township of Ishpeming, Michigan are described in Footnotes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by the Township of Ishpeming, Michigan during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Township of Ishpeming; Michigan's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Township of Ishpeming, Michigan, either individually or in the aggregate, indicate matters that could have a significant effect on the Township of Ishpeming, Michigan's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township of Ishpeming, Michigan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in the performance of our audit.

Conclusion

This information is intended solely for the use of the Township of Ishpeming, Michigan Board and management and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Company, PLLC
Certified Public Accountants